

Media, PA — On Monday, February 2, 2009, Congressman Joe Sestak (PA-07) met with the CEOs and other representatives from the 7th Congressional District's local hospital/healthcare systems to discuss:

- the impact of the economic crisis and the Economic Stimulus Bill's focus on healthcare assistance;
- the "Way Ahead" for healthcare legislation this year; and,
- the establishment of a recurring Congressional Hospital/Healthcare System Working Group with Congressman Sestak and the CEOs.

Joining Congressman Sestak were the CEOs and other representatives from Riddle Memorial Hospital and the Main Line Health System; Jefferson Health System and Thomas Jefferson University Hospital, along with Catholic Health East Health System and the Mercy Health System of Southeast Pennsylvania; Holy Redeemer Health System; Temple University Health System; the University of Pennsylvania Health System; Chester County Hospital; Delaware Valley Healthcare Council; and, the Hospital and Healthsystem Association of Pennsylvania.

During the forum, Congressman Sestak spoke about the development of Congressional legislation this year to overhaul the U.S. healthcare system. He outlined his discussions with Chairman Henry Waxman of the Energy and Commerce Committee, who will be drafting the healthcare legislation in coordination with the Obama Administration for enactment this year. During the meeting, Congressman Sestak established a working group with the CEOs present to meet regularly to discuss the ongoing status of the healthcare legislation and to obtain, in real-time, their comments and input on it.

Congressman Sestak also explained his participation in a small weekly Advisory Group to the House of Representatives' Majority Leader Steney Hoyer that discusses pending legislation and best approaches to it – key to impacting the upcoming healthcare developments. In addition to involvement through the Majority Leader's Advisory Group, his membership on two key House Sub-Committees -- Health, Employment, Labor, and Pensions; and Healthcare, Regulations, and Trade, ensures that all health legislation will be a key part of his committee assignments.

"As a result of my membership on these key healthcare sub-committees and as part of the Majority Leader's Advisory Group, I want to ensure that I have on a frequent basis the healthcare proposals, ideas, suggestions, and comments of the hospital/healthcare system leaders in my local area. This will be one of the most important legislative efforts this year and their input is vital, and much invited," said Congressman Sestak.

The forum was coordinated with the help of the Delaware Valley Healthcare Council (DVHC), which represents more than 50 acute and specialty care hospitals and healthsystems, 30 inpatient behavioral health facilities, and 20 rehabilitation facilities in southeast Pennsylvania as a part of the Hospital and Healthsystem Association of Pennsylvania (HAP). HAP works to advance the belief that health care in Pennsylvania must be focused on patients and the communities in which they live.

According to HAP, Pennsylvania hospitals contribute \$84 billion dollars to the state's economic health and employ more than 288,000 individuals directly and another approximately 250,000 indirectly in businesses that support hospital operations, such as laundry, food service, etc. In addition, Pennsylvania hospitals provide world-class health care to every person who walks into their doors. Locally, the health systems represented at today's meeting are among the largest employers in their communities. "The recent situation at Crozer-Keystone Health System shed light on a developing crisis," said the Congressman. "The current economic crisis is injuring Pennsylvania's hospitals – our community's safety nets – and ultimately it is the patients who are feeling the brunt of the impact."

Local hospitals and hospital systems are being confronted with the challenges of a growing amount of uncompensated care; rising costs of labor, medical malpractice insurance, technology, and basic utility costs; a decrease in the availability of capital; and, underfunded Medicare and Medicaid programs.

"Today's economy only aggravates the challenges faced by our region, our state, and our nation's hospitals," said Congressman Sestak. "With increasing levels of unemployment and people without health insurance, financial burdens will only get worse. As a result, healthcare administrators will encounter tough decisions to deal with rising costs and reduced revenues. The Crozer-Keystone situation is a prime example of such adjustments – cuts in administrative costs, reductions in staff and/or hours, and reviews of services that may be cutback or even worse, discontinued. In other cases, hospitals and health systems are making the hard decision to postpone or cancel capital investment projects such as new or remodeled facilities and information technology."

"I agree with the representatives of our regional hospitals and health systems that we must do something to ensure the fiscal security of our community's hospitals and their employees because ultimately, it is the patients who are endangered. Hospitals and health care in general are a critical part of our economy. They represent one of the largest employers in many

communities and serve to ensure that the health and safety of our communities continues.”

On January 28, 2009, Congressman Sestak voted for the Economic Stimulus Bill, which he called “the right choice for all, including our hospitals, their employees and patients, and those who pay their hard earned dollars for health insurance.”

“It is our responsibility as a government to ensure access to affordable and quality healthcare as well as the fiscal stability and security of our health systems and hospitals,” said Congressman Sestak. “The regular meetings in which I participate facilitate this access; the effects of the meetings are demonstrated clearly in the Economic Stimulus Bill. Treating the issue as if nothing was more important, in the group and committee meetings, promotes the availability of accessible healthcare at an affordable cost. I cannot thank the hospitals enough for their assistance -- their participation was integral.”

Congressman Sestak focuses on affordable, quality health care, because it is a key to strong American economic growth. The Economic Stimulus Bill invests in bringing our health care system into the 21st century with information technology that is proven to reduce costs, increase quality, and save lives. The package also protects health coverage for millions of Americans who have lost their jobs in this recession by providing up to 12 months of subsidized COBRA health insurance continuation coverage and a temporary state option to cover jobless workers through Medicaid. In addition, modernizing our health care system will create hundreds of thousands of jobs. Experts estimate that, overall, this recovery package will save or create more than 250,000 jobs in the health care and education sectors.

Healthcare related provisions in the American Recovery and Reinvestment Act include:

1. Health Information Technology for Economic and Clinical Health Act or HITECH Act:
  - a. Investing \$20 billion in health information technology infrastructure and Medicare and Medicaid incentives to encourage doctors and hospitals to use HIT to electronically exchange patients' health information.
  - b. Requiring the government to take a leadership role to develop standards by 2010 that allow for the nationwide electronic exchange and use of health information to improve quality and coordination of care.
  - c. Saving the government \$10 billion and generating additional savings throughout the health sector, through improvements in quality of care and care coordination and reductions in medical errors and duplicative care.

d. Strengthening Federal privacy and security law to protect identifiable health information from misuse as the health care sector increases use of Health IT.

e. As a result of this legislation, the Congressional Budget Office estimates that approximately 90% of doctors and 70% of hospitals will be using comprehensive electronic health records within the next decade.

2. Healthcare Effectiveness Research:

\$1.1 billion for Healthcare Research and Quality programs to compare the effectiveness of different medical treatments funded by Medicare, Medicaid, and SCHIP. Finding out what works best and educating patients and doctors will improve treatment.

3. Community Health Centers:

\$1.5 billion, including \$500 million to increase the number of uninsured Americans who receive quality healthcare and \$1 billion to renovate clinics and make health information technology improvements. More than 400 applications submitted earlier this year for new or expanded CHC sites remain unfunded.

4. Training Primary Care Providers:

\$600 million to address shortages and prepare our country for universal healthcare by training primary healthcare providers including doctors, dentists, and nurses as well as helping pay medical school expenses for students who agree to practice in underserved communities through the National Health Service Corps.

5. COBRA Extension:

a. \$30.3 billion to extend health insurance coverage to the unemployed, extending the period of COBRA coverage for older and tenured workers beyond the 18 months provided under current law. Specifically, workers 55 and older, and workers who have worked for an employer for 10 or more years will be able to retain their COBRA coverage until they become Medicare eligible or secure coverage through a subsequent employer.

b. In addition, the bill subsidizes the first 12 months of COBRA coverage for eligible persons who have lost their jobs on or after September 1, 2008 at a 65 percent subsidy rate, the same rate provided under the Health Care Tax Credit for unemployed workers under the Trade Adjustment Assistance program.

6. Medicaid Expansion:

a. The bill would give State Medicaid programs a temporary option of covering one or more of the following groups of unemployed individuals without health insurance (and their uninsured spouses and dependents):

*individuals receiving unemployment benefits and individuals who have exhausted unemployment benefits;*

*individuals who are receiving food stamps and are not otherwise eligible for Medicaid; and, individuals in families with gross incomes below 200% of the poverty level.*

b. To qualify, individuals would have to be receiving or have exhausted unemployment benefits during the period September 1, 2008, through December 31, 2010, or be involuntarily

separated from employment during this period. The federal government would assume 100% of the costs of benefits and administration for individuals enrolled under this option through December 31, 2010.

c. This funding is vitally needed because states are facing an unprecedented, massive fiscal crisis. Total state budget gaps for FY 2009 (generally running from 7/1/08 through 6/30/09) are about \$91 billion – \$48 billion in gaps before state budgets were adopted last summer, which were closed by cutting services or raising revenues; and \$43 billion in gaps which have opened up since then.

d. Budget deficits are also already projected for 39 states for the upcoming FY 2010. Initial estimates of these shortfalls total over \$80 billion. As the full extent of FY 2010 deficits become known, state shortfalls are likely to equal \$145 billion.

e. In response to these shortfalls, at least 22 states have already proposed or implemented cuts that will affect eligibility for Medicaid or reduce services covered. For example, South Carolina is limiting coverage for many Medicaid services, such as psychological counseling, physician visits, and routine physicals; and California and Utah are reducing services covered by their Medicaid programs. Additionally, the governor of California has proposed cuts that will cause more than 400,000 adults to be denied Medicaid.

f. This \$87 billion in State Medicaid Fiscal Relief will help states avoid cutting eligibility for Medicaid and scaling back the health care services covered. In addition to shoring up existing Medicaid coverage, increased federal assistance for Medicaid is an excellent economic stimulus. According to economist Mark Zandi, every dollar of federal Medicaid aid results in \$1.38 in increased economic activity.

## 7. Investing in Prevention and Wellness

a. Provides \$3 billion for a new Prevention and Wellness Fund- the single largest investment in prevention in history. Includes funding for immunization programs that enable public health departments to operate childhood, adolescent, and adult immunization programs.

b. Includes funding for the Preventive Health and Health Services Block Grant, which provides needed resources to state and local public health departments to address prevention and wellness at the local level.

c. Funds hospital infection prevention programs to reduce the incidence of hospital-acquired infection.

d. Also assures funding for evidence-based clinical and community-based prevention strategies.

e. Over 75 percent of total health care dollars are spent on patients with one or more chronic conditions, including diabetes, heart disease, and high blood pressure. Numerous studies have shown that making increased investments in preventing these chronic conditions is one of the most effective ways to reduce health care spending, saving billions of dollars a year.

## 8. State Medicaid Fiscal Relief

a. *Temporary Medicaid FMAP Increase*: Approximately \$87 billion to states, increasing through the end of FY 2010 the share of Medicaid costs the federal government reimburses states, with additional relief tied to rates of unemployment. In the previous recession the federal government increased its contribution to Medicaid to help states avoid cuts in health benefits at a time when low-income patient loads are increasing and State revenues are declining.

b. *Moratorium on Medicaid Regulations:* Current law imposes a moratorium on six Medicaid regulations relating to cost limits on public providers, graduate medical education (GME) payments, provider taxes, rehabilitative services, targeted case management services, and school administration and transportation services. The bill would extend the current law moratorium on these six regulations, which expires on March 31, 2009, through June 30, 2009. The bill would also expand this moratorium to include a seventh Medicaid regulation relating to outpatient hospital services.

c. *Temporary Extension of Work Transition Coverage:* Under current law, individuals who leave welfare to go to work receive up to one year of Medicaid coverage so long as they continue working. This current transitional medical assistance (TMA) expires on June 30, 2009. The bill would extend the current law provision through December 31, 2010. In addition, the bill would give states the option of simplifying TMA eligibility determinations to reduce administrative burden and turnover.

d. *Medicaid Protections for American Indians:* The bill includes three provisions designed to improve Medicaid and CHIP coverage for Indians. The bill would prohibit state Medicaid programs from imposing cost-sharing requirements on Medicaid-eligible American Indians when the beneficiary is receiving services from an Indian health care provider or from a Contract Health Services (CHS) provider. The bill would also ensure that certain tribal, religious, spiritual, or cultural property would not be counted as a resource (asset) of an individual Indian for purposes determining Medicaid eligibility or estate recovery. Finally, the bill would require states to consult on an ongoing basis with Indian Health Programs and Urban Indian Organizations on matters relating to Medicaid and CHIP.

e. *Indian Health Service Facilities:* \$550 million to modernize aging hospitals and health clinics and make healthcare technology upgrades to improve healthcare for underserved rural populations.

## 9. Scientific Research

### a. National Science Foundation:

i. Provides \$3 billion overall for the National Science Foundation, putting the NSF budget on track to double over the next seven years, as called for under the America COMPETES Act (PL 110-69);

ii. Includes \$2.5 billion for NSF research and research-related activities. Sustained, targeted investment by NSF in basic research in fundamental science and engineering advances discovery and spurs innovation. Such transformational work holds promise for meeting the economic and environmental challenges facing the country, and competing in an increasingly intense global economy.

iii. The \$2.5 billion for research is estimated to support an additional 3,000 new NSF research awards and would immediately engage 12,750 senior personnel, post-docs, graduate students, and undergraduates.

iv. Also includes \$100 million for improving instruction in science, technology, engineering, and mathematics (STEM).

v. Also includes \$400 million for the construction and development of major research facilities that perform cutting-edge research.

vi. \$300 million for major research equipment shared by institutions of higher education and other scientists.

vii. \$200 million to repair and modernize science and engineering research facilities at the

nation's institutions of higher education and other science labs.

*b. National Institutes of Health Biomedical Research:*

\$2 billion, including \$1.5 billion for expanding good jobs in biomedical research to study diseases such as Alzheimer's, Parkinson's, cancer, and heart disease - NIH is currently able to fund less than 20% of approved applications – and \$500 million to implement the repair and improvement strategic plan developed by the NIH for its campuses.

*c. University Research Facilities:*

\$1.5 billion for NIH to renovate university research facilities and help them compete for biomedical research grants. The National Science Foundation estimates a maintenance backlog of \$3.9 billion in biological science research space. Funds are awarded competitively.

*d. Centers for Disease Control and Prevention:*

\$462 million to enable CDC to complete its Buildings and Facilities Master Plan, as well as renovations and construction needs of the National Institute for Occupational Safety and Health.

*e. Biomedical Advanced Research and Development, Pandemic Flu, and Cyber Security:*

\$900 million to prepare for a pandemic influenza, support advanced development of medical countermeasures for chemical, biological, radiological, and nuclear threats, and for cyber security protections at HHS.

10. Health Information Technology

a. Provides \$20 billion to accelerate adoption of Health Information Technology (HIT) systems by doctors and hospitals, in order to modernize the health care system, save billions of dollars, reduce medical errors, and improve quality. Also provides significant financial incentives through the Medicare and Medicaid programs to encourage doctors and hospitals to adopt and use HIT.

b. Promoting the adoption of Health Information Technology systems will create hundreds of thousands of jobs – many of them high-tech jobs.

c. The nonpartisan CBO estimates that, as a result of this legislation, approximately 90 percent of doctors and 70 percent of hospitals will be using electronic medical records within the next 10 years.

*Born and raised in Delaware County, former 3-star Admiral Joe Sestak served in the Navy for 31 years and now serves as the Representative from the 7th District of Pennsylvania. He led a series of operational commands at sea, including Commander of an aircraft carrier battle group of 30 U.S. and allied ships with over 15,000 sailors and 100 aircraft that conducted operations in Afghanistan and Iraq. After 9/11, Joe was the first Director of "Deep Blue," the Navy's anti-terrorism unit that established strategic and operations policies for the "Global War on Terrorism." He served as President Clinton's Director for Defense Policy at the National Security Council in the White House, and holds a Ph.D. in Political Economy and Government from Harvard University. According to the office of the House Historian, Joe is the highest-ranking*

*former military officer ever elected to the U.S. Congress.*

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